



STATE PROCUREMENT OFFICE  
NOTICE & REQUEST FOR SOLE SOURCE

12 NOV 14 P2:06

STATE PROCUREMENT OFFICE  
STATE OF HAWAII

TO: Chief Procurement Officer  
FROM: Department of Human Services  
*Name of Requesting Department*

Pursuant to HRS §103D-306 and HAR chapter 3-122, Subchapter 9, the Department requests sole source approval to purchase the following:

1. Describe the goods, services, or construction to be procured.

The Hawaii Health Connector will provide enrollment functionality for Medicaid recipients, a database of enrollees that may be accessed by DHS personnel and a Call Center that will take DHS overflow calls.

2. Vendor/Contractor/Service Provider Name:  
Hawaii Health Connector

3. Amount of Request:  
\$2,085,000.00

4. Term of contract (shall not exceed 12 months), if applicable:

From: 11/1/2012 11/14/2012 To: 10/31/2013

5. Prior SPO-001, Sole Source (SS) No.:

6. Describe in detail the following:

a. The unique features, characteristics, or capabilities of the goods, service or construction.

The federal Patient Protection and Affordable Care Act of 2010, and the Health Care and Education Reconciliation Act of 2010, collectively referred to as the Affordable Care Act (ACA) require the state to establish a health insurance exchange. In response, Hawaii established (HRS 435H) the Hawaii Health Connector (Connector), an independent non-profit, as the state's health insurance exchange. The Medicaid agency, within the Department of Human Services, is required to interface and coordinate activities with the Connector. The two organizations have agreed to reduce administrative costs by sharing technology and processes to ensure a smooth transition of individuals as they move between Medicaid and the Connector. The Medicaid agency will perform eligibility determination for individuals applying for assistance and the Connector will provide call center support and enrollment functions for all recipients.

b. How the unique features, characteristics or capabilities of the goods, service or construction are essential for the department

As noted previously, the Department is required by law to interface with the Connector. Effective January 1, 2014, the Connector is the only source for providing Exchange functions which allow an individual and employers to shop for insurance coverage. When the Department determines eligibility, it must pass the eligibility information to the Connector to complete enrollment into a health plan. Since the enrollment capability will exist for Connector recipients, it is beneficial to recipients and the Department to use the same organization for processing enrollments for all eligibles. Additionally, even though the Department will retain its own call center, its staffing and hours of operations are limited. Whenever there is a backlog of calls waiting or when the state office is not open, the Connector's call center will take calls from consumers. This will allow the Department to serve its applicants and recipients better.

7. Describe the efforts and results in determining that this is the only vendor/contractor/service provider who can provide the

As noted previously, the Department is required by law to interface with the Connector. Effective January 1, 2014, the Connector is the only source for providing Exchange functions which allow an individual and employers to shop for insurance coverage. As long as the Connector remains the state's health insurance exchange, the Department will require the authority to establish a sole-source contract with the Connector.

8. Alternate source. Describe the other possible sources for the goods, services, or construction that were investigated but did not meet the department's needs.

There are no alternative sources for providing this service.

9. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required.)

\*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	E-mail Address
Aileen Hiramatsu*	DHS/MQD	692-7960	ahiramatsu@medicaid.dhs.state.hi.us
<i>Donna Jean Watanabe</i>			
Kenneth Fink	DHS/MQD	692-8050	kfink@medicaid.dhs.state.hi.us

Department shall ensure adherence to applicable administrative and statutory requirements, including HAR chapter 3-122, Subchapter 15, Cost or Pricing Data if required.

**All requirements/approvals and internal controls for this expenditure is the responsibility of the department.**  
**I certify that the information provided is to the best of my knowledge, true and correct.**



Department Head Signature

*11/4/12*  
Date

**For Chief Procurement Officer Use Only**

Date Notice Posted: 11/15/2012

Submit written objection to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

Approval is based on the State's mandated requirement of the establishment of the Hawaii health insurance exchange known as the Hawaii Health Connector, HRS 435H-2, in response to the federal Affordable Care Act. The Hawaii Health Connector is the only health insurance exchange as mandated by law in the State of Hawaii. This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply (i.e. vendor is required to be compliant on the Hawaii Compliance Express) and award is required to be posted on the Awards Reporting System.

If there are any questions, please contact Bonnie Kahakui at 587-4702, or [bonnie.a.kahakui@hawaii.gov](mailto:bonnie.a.kahakui@hawaii.gov).

☒ Approved

☐ Disapproved

☐ No Action Required

*Oliver S. Faj* 12/17/2012  
Chief Procurement Officer Signature Date